

AMENDED IN ASSEMBLY MARCH 2, 2006

AMENDED IN SENATE APRIL 11, 2005

SENATE BILL

No. 103

Introduced by Senator Ducheny

January 19, 2005

An act to amend Sections 1212 and 1218.1 of the Health and Safety Code, relating to clinics. An act to add and repeal Part 6.44 (commencing with Section 12699.70) of Division 2 of the Insurance Code, relating to health care coverage, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 103, as amended, Ducheny. ~~Primary care clinic licensing; timing.~~ *San Diego Health Care Connection Demonstration Project.*

Existing law, the County Health Initiative Matching Fund, establishes a program administered by the Managed Risk Medical Insurance Board and the State Department of Health Services. Under existing law, a local entity may apply to the board to obtain funding from the County Health Initiative Matching Fund for health care coverage for persons meeting specified criteria.

This bill would establish, until January 1, 2013, the San Diego Health Care Connection Demonstration Project. The bill would require the board to contract with San Diegans for Healthcare Coverage, Inc., a private nonprofit corporation, to operate the project to assist employers in San Diego County to provide health care coverage to employees with full-time employment, as defined. The bill would specify various components of the project, including establishing a premium assistance program and criteria for participation in the project by employers and employees and an

essential benefits package to be offered by participating health care service plans and health insurers. The bill would require the department to secure federal waivers required for the project by an unspecified date and to establish data collection and reporting procedures. The bill would require the board to report to the Legislature regarding the project and the feasibility of expanding it to persons with part time employment, as defined.

The bill would appropriate an unspecified sum from the General Fund for the project that would be allocated to the board and the department.

The bill would declare that due to the unique circumstances pertaining to San Diego County that it is intended to remedy, a general statute within the meaning of specified provisions of the California Constitution cannot be made applicable and a special statute is necessary.

~~Existing law generally provides for the licensure of clinics and specialty clinics by the State Department of Health Services.~~

~~Existing law requires any person, firm, association, partnership, or corporation desiring a license for a health clinic or a special permit for special health services to file with the department a verified application on forms prescribed and furnished by the department, containing specified information, including any information as may be required by the department, including, but not limited to, evidence that the clinic has a written policy relating to the dissemination to patients of a summary of current state laws requiring child passenger restraint systems to be used when transporting children in motor vehicles, a listing of child passenger restraint system programs located within the county, and information describing the risks of death or serious injury associated with the failure to utilize a child passenger restraint system.~~

~~This bill would authorize a clinic to satisfy those requirements by reproducing for distribution materials provided by the Department of the California Highway Patrol that describe the risks of injury or death as a result of failing to utilize passenger restraints for infants and children, and materials developed by the county health department. This bill would declare that these requirements are met if the materials are requested, but not received.~~

~~Existing law provides that a primary care clinic that has held a valid, unrevoked, and unsuspended license for at least the immediately preceding 5 years, with no demonstrated history of repeated or uncorrected violations of clinic licensure provisions or any regulation~~

~~adopted under these provisions that pose immediate jeopardy to a patient, and that has no pending action to suspend or revoke its license, may file an application to establish an affiliate clinic at an additional site. Existing law requires the department, upon receipt of the completed application, to approve a license for the affiliate clinic, without the necessity of first conducting an initial onsite survey, if certain conditions are met.~~

~~Existing law requires the department to issue a license within 30 days of receipt of a completed application. If the department determines that an applicant does not meet the required conditions, existing law requires the department to identify the grounds for that determination and process the application and either grant or deny a license or special permit within 100 days of the filing.~~

~~This bill would provide that when the department determines that an applicant does not meet the required conditions for expedited affiliate clinic licensure, identifies the grounds for that determination, and processes the application within 100 days of the filing, the time period for approval or denial of the application would commence on the original date upon which a complete application is filed with the department's consolidated applications unit.~~

~~The bill would require an applicant for an expedited affiliate clinic licensure to submit an affidavit stating that the application meets required criteria, and would prohibit the department from requiring a particular form of affidavit.~~

Vote: ~~majority~~^{2/3}. Appropriation: ~~no~~ yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. *This act shall be known and may be cited as the*
- 2 *San Diego Health Care Connection Demonstration Project.*
- 3 SEC. 2. (a) *The Legislature finds and declares all of the*
- 4 *following:*
- 5 (1) *Approximately 25 percent of adults in California were*
- 6 *without health care coverage at some time during 2003, and it is*
- 7 *estimated that more than 75 percent of that population was*
- 8 *employed or part of a family with an employed member.*
- 9 (2) *Fewer employers are able to offer health care coverage to*
- 10 *their employees, and fewer low to modest wage employees are*
- 11 *able to pay for their share of coverage when it is offered. As a*

1 result, the percentage of Californians covered by
2 employer-sponsored health care coverage is declining, and the
3 percentage of those without health care coverage is increasing.

4 (3) Research studies report that employees of small businesses
5 and those in low-wage jobs are less likely to be enrolled in
6 employer-sponsored health care coverage and are significantly
7 more likely to be without health care coverage. Research also
8 shows that low-income individuals with private health care
9 coverage with traditional deductibles and copayment amounts
10 have the same health outcomes as those without health care
11 coverage because they are reluctant to obtain care because of
12 the out-of-pocket expenses under their health plan or policy.

13 (4) Research studies report that those without health care
14 coverage are significantly more likely to be admitted to a
15 hospital for an avoidable hospital condition and are in poorer
16 health upon admission than those with health care coverage.
17 Many of those without health care coverage become eligible for
18 that coverage through government programs due to their medical
19 condition, sometimes resulting in poorer outcomes and higher
20 costs to the public.

21 (5) In San Diego County, a diverse collaboration of consumer,
22 business, labor, health care provider, health plan, and local
23 government representatives have worked to reach consensus and
24 identify tradeoffs necessary to expand health care coverage to
25 employed persons who are without health care coverage and to
26 reduce the number of residents in the region without that
27 coverage. One critical strategy that has been identified is a
28 partnership with the business community to focus on the
29 uninsured through the workplace.

30 (b) It is the intent of the Legislature to establish the San Diego
31 Health Care Connection Demonstration Project that will include
32 a premium assistance program to allow employed persons
33 without health care coverage and employers to enroll in a basic
34 benefits coverage program. It will also include a resource center
35 and programs to provide education, outreach, and eligibility
36 services and enrollment in the premium assistance program and
37 other private and public health care coverage programs. The San
38 Diego Health Care Connection Demonstration Project is also
39 intended to identify the potential savings to the state resulting
40 from its operation.

1 *SEC. 3. Part 6.44 (commencing with Section 12699.70) is*
2 *added to Division 2 of the Insurance Code, to read:*

3
4 *PART 6.44. SAN DIEGO HEALTH CARE CONNECTION*
5 *DEMONSTRATION PROJECT*
6

7 12699.70. *The San Diego Health Care Connection*
8 *Demonstration Project is hereby established.*

9 12699.71. *The following definitions apply for purposes of this*
10 *part:*

11 (a) *“Board” means the Managed Risk Medical Insurance*
12 *Board.*

13 (b) *“Department” means the State Department of Health*
14 *Services.*

15 (c) *“Full-time employment” means employment with a single*
16 *employer of 20 or more hours each week.*

17 (d) *“Part-time employment” means employment of less than*
18 *20 hours each week.*

19 (e) *“Project” means the San Diego Health Care Connection*
20 *Demonstration Project.*

21 (f) *“SDHC” means San Diegans for Healthcare Coverage,*
22 *Inc., a private nonprofit corporation.*

23 12699.72. (a) *The board shall contract with SDHC to*
24 *operate the project.*

25 (b) *The Legislature finds that the operation of the project is a*
26 *new state function pursuant to Section 19130 of the Government*
27 *Code.*

28 (c) *The contract awarded pursuant to this section is exempt*
29 *from the competitive bidding requirements of the Public Contract*
30 *Code.*

31 12699.73. (a) *The project shall assist employers doing*
32 *business in San Diego County to provide health care coverage to*
33 *their employees with full-time employment.*

34 (b) *The project shall consist of the following components:*

35 (1) *Establishment of a premium assistance program. The*
36 *program shall include eligibility criteria such as employment*
37 *status, number of hours worked each week, and family income*
38 *categories of 0-199 percent of the federal poverty level and*
39 *200-299 percent of the federal poverty level and establishment of*
40 *the employee share of the monthly premium cost at a fixed*

1 *monthly amount equal to 1.5 percent of the employee's monthly*
2 *gross family income.*

3 *(2) Establishment of a basic essential benefits package to be*
4 *offered by participating health care service plans and health*
5 *insurers with the amount of the deductible and copayment under*
6 *the plan or policy based upon family income categories. The*
7 *amount of the deductible and copayment for an employee with a*
8 *gross family income less than 300 percent of the federal poverty*
9 *level shall not exceed 7 percent of the employee's gross annual*
10 *family income.*

11 *(3) Establishment of criteria for participation by employers*
12 *and employees in the project, including, but not limited to, the*
13 *following:*

14 *(A) Criteria for employers who do not offer health care*
15 *coverage to their employees, requiring them to contribute 30*
16 *percent of the premium expense in the first and second years of*
17 *participation in the project, 40 percent of the premium expense in*
18 *the third year of participation in the project, 50 percent of the*
19 *premium expense in the fourth year of participation in the*
20 *project, and 60 percent of the premium expense in the fifth year*
21 *of participation in the project.*

22 *(B) Criteria for employers currently offering health care*
23 *coverage to employees through a SDHC participating health*
24 *plan, requiring them to contribute at their current contribution*
25 *levels for their employees who are without health care coverage.*
26 *This contribution amount shall be not less than 60 percent of the*
27 *premium expense. An employer who previously offered health*
28 *care coverage to employees through a SDHC participating*
29 *health plan shall contribute the amount of the premium expense*
30 *it contributed for the first month of its prior participation in the*
31 *SDHC participating health plan.*

32 *(C) Criteria for sole proprietors and for self-employed and*
33 *single employee firms to participate in the project if they have*
34 *not offered health care coverage to their employees for a period*
35 *of one-year prior to enrollment in the project. The amount of the*
36 *employer and employee contribution to the premium expense*
37 *shall be determined pursuant to subparagraph (A) and*
38 *paragraph (1) of subdivision (b), respectively.*

39 *(D) Criteria for employees to participate in the project if they*
40 *meet family income criteria and have not had health care*

1 coverage for a period of one year prior to enrollment. The
2 project may make exceptions to prior coverage restrictions, such
3 as loss of employment.

4 (4) Establishment of participation criteria and administrative
5 procedures for health care service plans and health insurers,
6 including participation in PacAdvantage or the Healthy Families
7 Program for enrollees in San Diego County and agreeing to offer
8 the basic essential benefits package established by the project
9 and to comply with administrative procedures and evaluation
10 processes established for the project. The project shall develop,
11 negotiate, and execute contracts and operating policies and
12 procedures with an adequate number of health care service plans
13 and health insurers that meet participation criteria to ensure
14 access and choice within San Diego County. Contracts and
15 operating procedures shall include adverse selection enrollment
16 protections or retroactive adverse selection risk adjustments
17 based upon the age group of employees.

18 (5) Establishment of administrative and financial policies and
19 procedures to include, but not be limited to, the following:

20 (A) Information resources for the project and for other private
21 and public health care coverage.

22 (B) An outreach program to provide employers and employees
23 with education and eligibility screening and enrollment for the
24 project and for other private and public health care coverage
25 programs.

26 (C) Linkages and partnerships with local government
27 agencies, business associations, economic development councils,
28 work force partnerships, insurance brokers, the insurance
29 industry, professional associations, and community-based
30 organizations to identify, refer to, and coordinate with existing
31 resources.

32 (D) Health plan contracts, broker policies and procedures,
33 premium collection and premium distribution policies, and other
34 procedures and processes necessary to implement the project.

35 (E) Accounting and financial reporting policies and other
36 procedures and processes necessary for the financial
37 management of the project.

38 (F) Operating policies, procedures, and processes necessary
39 to operate the project, including contracts with third party
40 administrators as necessary.

1 (G) Data collection and reporting procedures to identify and
2 report on project activities, impacts, and estimated offsets to
3 state public program expenditures.

4 12699.74. The department, working in coordination with the
5 board and SDHC, shall perform the following functions for the
6 project:

7 (a) Develop, pursue, and secure the federal waivers necessary
8 to implement the project. Submission of the federal waiver shall
9 be completed on or before ____.

10 (b) Establish data collection and reporting procedures to
11 identify and report on project activities, impacts, and estimated
12 offsets to state public program expenditures.

13 12699.75. The board, in conjunction with SDHC, shall
14 evaluate the feasibility of including employees with part-time
15 employment in the project. The board shall submit a report on
16 this matter to the Legislature on or before January 1, 2010.

17 12699.76. The project shall establish, monitor, and
18 continuously evaluate critical success indicators and outcomes
19 for its programs and operations, including the number of
20 employers and employees participating in it, their coverage
21 status, and services provided to them. On or before January 1,
22 2009, and annually thereafter, the board shall submit a report to
23 the Legislature on the progress and outcomes of the project,
24 including the number of employees participating in it and other
25 health care coverage programs and the estimated offsets to other
26 state program expenditures resulting from the project.

27 12699.77. The County of San Diego may participate in the
28 project and in the federal waiver to secure federal approval and
29 federal financial participation for health care services.

30 12699.78. The sum of ____dollars (\$____) is hereby
31 appropriated from the General Fund for the project as follows:

32 (a) ____ dollars (\$____) is allocated to the board for
33 contracting with SDHC to operate the project.

34 (b) ____ dollars (\$____) is allocated to the department for its
35 implementation and operational functions under the project.

36 12699.79. (a) This part shall remain in effect until January
37 1, 2013, and as of that date is repealed, unless a later enacted
38 statute extends or repeals that date.

39 (b) It is the intent of the Legislature that the project be
40 continued beyond the repeal date if it finds that adequate

1 *progress toward providing health care coverage to the*
2 *population served by the project is demonstrated and that the*
3 *project represents a sustainable and replicable model for*
4 *reducing the number of persons in California without health care*
5 *coverage.*

6 *SEC. 4. The Legislature finds and declares that due to the*
7 *unique circumstances applicable within the County of San Diego*
8 *with respect to its significant population of low-income residents*
9 *without health care coverage, the existence of San Diegans for*
10 *Healthcare Coverage, Inc., and the collaborative agreement*
11 *among diverse constituency groups within the county to pursue*
12 *the San Diego Health Care Connection Demonstration Project, a*
13 *statute of general applicability cannot be made applicable within*
14 *the meaning of subdivision (b) of Section 16 of Article IV of the*
15 *California Constitution.*

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<p>All matter omitted in this version of the bill appears in the bill as amended in Senate, 04/11/05.</p>
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